



2005

1065ME/1120S-ME
MAINE INFORMATION RETURN
PARTNERSHIPS/LLCs/S CORPORATIONS
Check here if your entity name or address has changed:



For tax period 01/01/05 to 12/31/05 or
MM DD YY to MM DD YY
Federal Employer ID Number

Name of Partnership / S Corporation
Address of Partnership / S Corporation
City, Town or Post Office State ZIP Code
STATE OF INCORPORATION DATE INCORPORATED
PRINCIPAL PLACE OF ACTIVITY IN MAINE
CITY/STATE WHERE RECORDS ARE MAINTAINED
BUSINESS CODE IDENTIFYING NUMBER OF TAX MATTERS PERSON TAX MATTERS PARTNER/PERSON TELEPHONE NUMBER

TYPE OF ENTITY: S Corporation Partnership LLC
CHECK ANY OF THE FOLLOWING IF APPLICABLE: First filing Amended return Final return Change of Name

Do not submit photocopies of this form; photocopies cannot be processed by the Maine Revenue Services scanning system. Do not use red ink.

- 1. Number of partners, shareholders or members who are: a. Residents (of Maine) b. Nonresidents c. Total
For 100 or fewer partners/shareholders - complete Schedule PSI for all partners/shareholders not included in a composite return. For entities with more than 100 members - do not complete Schedule PSI.
All entities, regardless of the number of partners/shareholders, are required to send pages 1 - 4 of federal Form 1065 or Form 1120S with this return. DO NOT SEND FEDERAL K-1s.
2. Are you filing a composite return for nonresident partners/shareholders (MRS Rule No. 805)? Yes No
2a. If yes, indicate how many nonresident partners/shareholders are included in the composite filing.
If yes, see Schedule 1040C for composite filing instructions.

3. LOCATION OF DOING BUSINESS: THIS SECTION MUST BE COMPLETED BY ALL FILERS

- a. Business activity entirely within Maine; this includes making out-of-state sales that are not taxable in other states (complete only line 4e below and enter that amount on line 4f).
b. Business has no Maine resident partners/shareholders and business activity is entirely outside Maine, with no payroll, sales or property in Maine (STOP - do not file this return).
c. Business is engaged in interstate commerce, including doing business in Maine (complete lines 4a through 4f below).
d. Business has Maine resident partners/shareholders and business activity is entirely outside Maine, with no payroll, property or sales in Maine (except as exempted by P.L. 86-272) (complete line 4e below). If entity has 100 or fewer members, complete Schedule PSI for Maine residents only.
e. Check here if the taxpayer is a mutual fund service provider electing to use the special apportionment formula under 36 M.R.S.A. § 5212(2) (complete lines 4a, 4d, 4e and 4f; on line 4a, change the weighting factor from .50 to 1.00).

Table with columns (A) Totals within Maine, (B) Totals within and outside of Maine, and (C) Maine Factors: Col.A/Col.B x statutory weighting rounded to 6 decimals. Rows include Total SALES net of returns and allowances, Total PAYROLL, Total PROPERTY, MAINE APPORTIONMENT FACTOR, ENTITY INCOME OR LOSS, and TOTAL MAINE INCOME OR LOSS.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Officer's signature Title Date

Preparer's signature Date

File return with:
Maine Revenue Services, PO Box 9117, Augusta, ME 04332-9117

Office use only LG PSI

PLEASE DO NOT STAPLE OR TAPE FORMS TO THIS RETURN

FORM 1065ME/1120S-ME INSTRUCTIONS

WHO MUST FILE. Partnerships, LLCs, and S corporations filing federal Forms 1065 or 1120S that do business in Maine or that have resident partners or shareholders must file. S corporations that have federal taxable income must also file Form 1120ME. Financial institutions organized as partnerships, LLCs, or S corporations should not file this form – see instructions for Form 1120B-ME. Obtain forms from www.maine.gov/revenue/forms or call 207-624-7894.

LIMITED LIABILITY COMPANY. A domestic limited liability company or a foreign limited liability company doing business in Maine is classified as a partnership for Maine income tax purposes unless classified otherwise for federal income tax purposes, in which case the limited liability company is classified in the same manner for Maine income tax as for federal income tax.

WHEN TO FILE. S corporations must file Form 1065ME/1120S-ME by the 15th day of the 3rd month following the close of the taxable year. Partnerships must file Form 1065ME/1120S-ME by the 15th day of the 4th month following the close of the taxable year.

EXTENSION FOR FILING. A State of Maine extension request form is not required. If you are unable to file your return by the original due date of the return, Maine allows an automatic seven-month extension of time to file an S corporation return and six months to file a partnership return.

WHERE TO FILE. Mail the completed form with copies of pages 1 - 4 of federal Form 1065 or Form 1120S to Maine Revenue Services, P.O. Box 9117, Augusta, ME 04332-9117.

SPECIFIC INSTRUCTIONS

- If other than a calendar year, enter beginning and ending dates for the tax year covered by the return.
- Indicate the business name and mailing address, including the name of the entity officer or tax matters partner to whom correspondence should be addressed. Enter telephone number.
- Enter the EIN used on federal Form 1065 or Form 1120S. Enter all demographic information.
- Check the appropriate business type and attach the corresponding federal form to Form 1065ME/1120S-ME. **(Do not send federal K-1s).**
- Indicate if name or address has changed.
- Indicate if an amended, first or final return.

LINE 1.

- (a) Indicate number of partners/shareholders who are residents of Maine.
- (b) Indicate number of partners/shareholders who are nonresidents of Maine.
- (c) Indicate total number of partners/shareholders.

Note: For entities with 100 or fewer partners/shareholders, complete Schedule PSI for all partners/shareholders, but do not include those participating in a composite return. For entities with more than 100 partners/shareholders, do not complete Schedule PSI. For entities with 100 or fewer partners/shareholders that check line 3d, complete Schedule PSI for Maine residents only.

The number of partners/shareholders included on Schedule PSI should equal the difference of Line 1c and Line 2a, except in the case of entities that check line 3d or have more than 100 members.

LINE 2. Composite filing under MRS Rule 805 for partners/shareholders not residents of Maine. A composite return is filed by a partnership or S corporation for its nonresident partners/shareholders electing to participate and whose only Maine income is from the entity (see 36 M.R.S.A. § 5192(5)). Indicate “Yes” if filing a composite return for any nonresident partner/shareholder. See www.maine.gov/revenue/rules for composite filing information.

(a) If answer to Line 2 is yes, indicate the number of nonresident partners/shareholders included in the composite filing.

LINES 3a-3d. Indicate location of partnership or S corporation business activity. If line 3a is checked, complete lines 4e and 4f. If line 3b is checked, you do not have to file this return. If line 3c is checked, complete lines 4a through 4f. If line 3d is checked, complete line 4e and Schedule PSI for Maine residents only.

LINE 3e. Mutual Fund Service Providers may elect to apportion income to Maine using a sales-only formula. Check the space if you qualify and are making this election. The election is irrevocable for five years. If line 3e is checked, complete lines 4a, 4d, 4e and 4f. On line 4a, change the weighting factor to 1.00. Taxpayers electing the special apportionment may not be included in Form CR (Maine Corporate Income Tax Combined Report for Unitary Members).

LINE 4. Apportionment of Income Schedule. This section is for entities engaged in multistate business. Maine employs a three-factor formula to determine the percentage of business income that is apportioned to Maine. This factor is determined by adding 50% of the sales factor, 25% of the payroll factor and 25% of the property factor. The result is multiplied by the entity income to find income apportioned to Maine. See generally MRS Rule 801.

Sales Factor (line a). The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in Maine during the tax period, and the denominator of which is the total sales of the taxpayer in the U.S. during the tax period.

Note: Beginning in 2005, the sale of a partnership interest is attributed to Maine to the extent of the ratio of the partnership’s tangible property located in Maine to tangible property located everywhere, determined based on original cost. If more than 50% of the partnership’s assets consist of intangibles, determine the amount attributable to Maine by using the sales factor of the partnership for the first full tax period that immediately precedes the tax period for this return.

Payroll Factor (line b). The payroll factor is a fraction, the numerator of which is the total amount paid in Maine during the tax period by the taxpayer for compensation, and the denominator of which is the total compensation paid everywhere in the U.S. during the tax period.

Property Factor (line c). The property factor is a fraction, the numerator of which is the average value of the taxpayer’s real and tangible personal property (including inventory) owned or rented and used in Maine during the tax period and the denominator of which is the average value of all the taxpayer’s real and tangible personal property (including inventory) owned or rented in the U.S. and used during the tax period.

Note: Property owned by the taxpayer is valued at original cost. The value of rental property for purposes of apportioning income to Maine is eight times the annual rental rate paid by the taxpayer. 36 M.R.S.A. § 5211(10). The average value of the property is determined by averaging the values at the beginning and ending of the tax period, but the State Tax Assessor may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer’s property.

If one factor is excludable from the apportionment formula, the weighting of the two remaining factors must be changed. A factor is excludable only if both the numerator and denominator are zero, but is not excludable merely because the numerator is zero. When excluding the sales factor, change the weight of the payroll and property factors to 50% (0.5) each. When excluding either the payroll or property factor, change the weight of the sales factor to 66.67% (0.6667) and the weight of the remaining factor to 33.33% (0.3333). If two factors are excludable from the apportionment formula, change the weight of the remaining factor to 1.00. If you are excluding any factors, attach a schedule detailing the factors used and the apportionment computation. The total of lines 4a, 4b and 4c (from Column C) must equal the amount you enter on line 4d.

Entity Income (line e). Partnerships enter on this line the amount from federal Form 1065, Analysis of Net Income, line 1. S corporations enter on this line the amount from federal Form 1120S, Schedule K, line 17e. If you are not required to complete Schedule K, line 17e on your federal return, you must calculate *pro forma* the amount that would be entered on that line in accordance with the federal instructions and enter that amount on Form 1065/1120S ME, line 4e.

All Maine income modifications under 36 M.R.S.A. § 5122 and 5200-A, including bonus depreciation and section 179 expensing add-backs, are made at the taxpayer level. **Do not adjust line 4e for Maine income modifications.** The entity is required to advise each shareholder/partner of any income modifications related to entity income that apply.

For more information or to download additional copies of this form or the Schedule of Partners/Shareholders Income, visit our web site at www.maine.gov/revenue/forms (Select Partnership/S-Corporations) or call 207-624-7894.